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# **WAQF EXPERIENCES IN INDONESIA**

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## *Abstract*

*Waqf is one of instruments in Islamic finance world. In Indonesia, waqf has been developed by state institution named Badan Waqf Indonesia (BWI). With great potential of Waqf in Indonesia, which is 4,2 million m, it is expected could help the welfare condition of people in Indonesia. In fact, there are various problems that have made the development of Waqf in Indonesia lacks in many ways, even among the Islamic economic instruments ZISWAF (Zakat, Infaq, Sadaqah, Waqf), waqf development is still considered deficient. This study uses method of literature review which is taken from literature source, in the form of books, journals, and websites related to waqf issues in Indonesia. This study is purposed to describe the development and issued related to Waqf in Indonesia as the comparison with Waqf system in ASEAN countries in particular and with the whole countries in world in general. Besides, it discovers the solutions to expand the potential use of Waqf in Indonesia.*

*Keyword: Waqf, Indonesia, potential waqf*

## **1. INTRODUCTION**

Waqf potential in Indonesia is considered enormous; however, by looking at its development to this present time, Waqf is the instrument of Islamic economy which has slow development, compared to the other instruments, such as ZIS (Zakat, Infaq, and Sadaqah). Compared to some other countries, as well, such as Egypt, Saudi Arabia, Jordan, Turkey, Bangladesh, Malaysia, and United States, Waqf has been developed as one of Islamic social economy foundations to help people coping with social problems, such as poverty. (Prihatini, *et al*, 2005:131)

This study has significance to find out issues and problems that are existed in the world of Waqf in Indonesia as well as potential use and solution to promote Waqf in Indonesia.

## **2. METHOD**

Literature review method is used to do the research. Researchers collected various sources, such as books, journals, and websites, which linked to the issue and development of Waqf in Indonesia, as well as potential use and solution of Waqf problems.

### 3. DISCUSSION

#### Definition of Waqf

Based on Islamic law, Waqf means giving right of possession of property that is durable (the substance) to a *nadzir* (waqf guard) either in a form of individual property or institutional possession, with condition that the outcome or profit will be used for Islamic sharia matters. *Wakif* is a terminology word for a person who makes a Waqf, therefore when wealth of the person has been given for Waqf, the possession of the property from the Wakif will be transferred as well.

Waqf, itself, is an instrument of Economy of Islam that is highly recommended by the rule of Islam. As written in the Qur'an in Al-Imran (92), which has been translated as follow: *"Never will you attain the good [reward] until you spend [in the way of Allah] from that which you love. And whatever you spend - indeed, Allah is Knowing of it."* It is also mentioned in Hadits of Prophet Muhammad as follow: If a human dies, he (or she) ends his (her) alms, except three actions, they are *shadaqah jariyah*, (*the reward has no end*), *broad and advantageous knowledge*, and *prayer from Shaleh children*. Some of experts in Islamic Law suggest that *shadaqah jariyah* is one of the properties that can be used as Waqf (Nasution, 2006:215).

#### Waqfin Indonesia

Waqf, as one of islamic economy instruments, has not been well developed in Indonesia. Although the potential of Waqf in Indonesia is quite high, without proper systematic Waqf operation, the development is still considered persistent. The head division of management and empowerment of Waqf in Indonesia, Robbiyanto, stated that the data collected until January 2015 showed that the width of Waqf land in Indonesia is about 4,2 millionm, which is spread in 42.300 locations<sup>1</sup>.

The potential of Waqf in Indonesia, once again, is rather high. However, compared to all the ZISWAF instruments, Waqf is the least developed. This happens due to the lack of understanding of the empowerment of Waqf in the society. Nowadays, people tend to perform Waqf endowments in order to build a mosque, whereas Waqf also could be done productively by endowing cash Waqf. This poor understanding about Waqf becomes the biggest challenge for National Waqf Board as the form of Waqf Board created by Indonesian government in order to enrich the society's comprehension about cash Waqf endowments.

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<sup>1</sup> <http://www.antaranews.com/berita/475244/menag-potensi-wakaf-sangat-besar> diakses 7 April 2015

### **Indonesian Waqf Board(*Badan Wakaf Indonesia*)**

According to the website of official Indonesian Waqf Board (*Badan Wakaf Indonesia*)<sup>2</sup>, BWI is an independent state institution created by Act of Republik Indonesia No. 41 of 2004 on Waqf. This board is created to develop and promote Waqf in Indonesia.

BWI is located in the capital city of Indonesia, and possibly forms some representations in the province, district, and/or city in accordance of requirements. Member of BWI is appointed and dismissed by the President. The length of service is 3 years and the member could be reappointed for one more term. The total members of BWI are about 20 to 30 people who are chosen among the element of society. The members from the first period are proposed by the Minister of Religious Affairs to the President. For the next period, the members are proposed by the selected committee, who are formed by BWI. Meanwhile, members of BWI representative are appointed and dismissed by the BWI.

BWI management structure consists of the Advisory Council and the Executive Agency. Each of them is led by a chairman, elected 'from' the members and 'by' the members. Executive Agency, while the Advisory Council consists of the members who do the regulatory elements.

BWI official website has explicated completely about Waqf, its types, as well as how to perform Waqf. In other hand, they recognize that the explanation and guidance on how to perform Waqf 'face to face' with the Muslim community in Indonesia is still very lacking. It is accompanied by the fact that Indonesian people still have lack comprehension and knowledge about Waqf, especially on productive and cash Waqf endowments.

### **Waqf Potential in Indonesia**

The low development of Waqf in Indonesia, or could be considered as stagnant, is influenced by the lack of regulation which governs the Waqf. It was only in 2001, significant changes in the empowerment of Waqf occurred. This is marked by the existence of new paradigm brought by the practitioners to society related to new concept of cash Waqf empowerment in order to increase welfare condition of people. This concept proved to be interesting enough and was able to contribute energy to move the stagnant development of Waqf. Then in 2002, Majelis Ulama Indonesia (MUI) accepted the concept by releasing new Islamic rule or fatwa which stated that people can do cash Waqf (*waqf al-nuqud*).

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<sup>2</sup> <http://bwi.or.id>

Act of Republik Indonesia No. 41 of 2004 that was released became the momentum of empowerment of Waqf in productive perspective, because it contains the knowledge and comprehension and management pattern to use the potential strength of Waqf modern. The Act also stated that this new concept of Waqf contains very broad dimension. It does not only cover the rule of chattel or fixture, but also unlimiters cash Waqf to build places for worship and social needs.

According to the data collected by Waqf Empowerment Directory of Republik Indonesia Government until March 2014, the total of Waqf property in the form of land had achieved 4.142.464.287,906 m<sup>2</sup> that spread in 435.395 locations in the whole part of Indonesia. From the total locations, 288.429 (66%) locations among them had received an official certificate, while the other 146.966 (34%) locations had not received an official certificate yet, details as follow: in the process of BPN 3.2157 locations (22%), in the process of KUA 72.082 locations (49%), and locations that have not received AIW 42.727 locations (29%).

By looking at the resource capital, the total Waqf property in Indonesia is the accumulated Waqf property that spreads in the whole world. This is a challenge for us to use the property of Waqf that we have wisely, therefore the lands of Waqf could help welfare condition of Islamic people in Indonesia as the rules of Waqf which had been declared.

The great total accumulation of Waqf property in Indonesia is also accompanied by great number of human capital. This is because Indonesia is the country who has the biggest population of Muslim. Indonesia has been proven that it has two ultimate factors to use the potential strength of Waqf, Indonesia should implement the true function of Waqf so that Waqf can be productive and not be consumptive.

### **Development of Waqf in Indonesia**

Nowadays, the development of Waqf in Indonesia has been concerned by many scholars and Muslim philosophers, which triggers the born of new progressive ideas to develop Waqf. This also encourages government to release regulation and guidelines to increase the empowerment program of Waqf.

As the regulator, motivator, and facilitator, government embodies strategies step by step, from reinforcement of Waqf institution, until tools and infrastructure supplying.

#### **1. Reinforcement of Nazhir Professionalism**

Effort to reinforce professionalism of Nazhir can be seen in the Act of Republik Indonesia No. 41 on Waqf. in the Act of Republik Indonesia No. 41 on Waqf, there are three kinds of Nazhir: individual Nazhir, organization or institutional

Nazhir, and corporation Nazhir. Requirements to be an individual Nazhir are: an Indonesia citizen, Muslim, adult aged, trustable, physically and mentally normal, and in status of illegal act free. Requirements to be an organization or institutional Nazhir are:

1) Each member of the organization has met the requirements of individual nazhir  
2) the organization concerns in the field of social, education, public society, and/or Islamic religion. While the requirements for corporation Nazhir are: 1) each member of the corporation has met the requirements of individual nazhir 2) the Indonesian corporation is established according to the Act of Republik Indonesia 3) corporations concerns in the field of social, education, public society, and/or Islamic religion. Nazhir professionalism becomes the main focus in developing Waqf. Referring to the role and function of Nazhir of Waqf stated that a Nazhir should have great competence therefore they are able to develop the potential use of Waqf. In other words, Nazhir must have mental skill, broad knowledge, and high integrity.

## 2. Waqf Assets Security

By looking at how great total accumulation of Waqf in Indonesia and there are still many of Waqf property that has not been officially certificated, Ministry of Religion took three strategies as the effort to secure those assets therefore they cannot be handed to the wrong parties who do not have right of those.

*First*, Ministry of Religion cooperates with National Security Institution (BPN) to do checking the official certificate of each of the Waqf properties in form of lands in all parts of Indonesia. In the implementation. Waqf land certificates are done by Regional Office with budget comes from APBN. Thus, the Waqf lands have official status and if an outside party has intention to take over the lands, it can be prosecuted according to law.

*Second*, advocacy to the assets of Waqf lands which are disputed or objects of legal problems. This advocacy support will involve many parties, such as Waqf Nazhir, government, law experts who concern in Waqf, and various society elements. The advocacy has to be done harmoniously so that it results in expected outcome.

*Third*, be more productive in the use and empowerment of Waqf properties in form of lands. Other than security and advocacy of Waqf, development also needs to be concerned. Therefore, the legal aspect and Waqf nature role which related to social value could meet the function. Utilization and empowerment of Waqf lands that has to be prioritized are big lands that have economic potential which located in strategic areas, such as roadside, near market, or other crowded places.

The utilization and empowerment of Waqf property in form of object still revolves in physical objects, so there is no significant affection to the economical

state of people. The total amount of Waqf property that existed in Indonesia fails to help poverty problems.

Utilization cash Waqf productively for helping to increase welfare condition of people cannot be avoided. Besides, Indonesia is in the state of economic crisis, which needs participation from many parties. The release of Act of Republik Indonesia No. 41 on Waqf is directed to empower the potential of Waqf as one of instruments to build social and economy condition of Muslim. The existence of this Act is also the momentum of Waqf empowerment be more productive, because it contains the knowledge and comprehension and management pattern to use the potential strength of Waqf modern.

Ministry of Religious Affairs, in this case, the Directorate General of Islamic Guidance Society, has a role as a facilitator, motivator, policy makers as well as community partners in increasing the potential of Waqf and arousing the participation of the society to empower land for Waqf. By arousing the participation of the society, we have contributed stimulus assistance to Nazhir, the one who manages the Waqf land. This, then, leads to high economic potential to empower, manage, and develop the Waqf land by establishing productive business as a model of productive Waqf. Since 2005 until 2013, the Directorate General of Islamic Guidance Society has provided accommodation in order to empower productive Waqf, which was sourced from the State Budget (APBN). The total amount of the money given was Rp56.900.000.000, -, which was spread across 92 locations in 25 provinces.

In terms of utilization, the accommodation of productive Waqf has been used in the development of 16 types business. Out of the 16 utilizations, Minimarket business dominates the other businesses, in total accommodation use Rp. 16.200.000.000,- in 28 locations. The use of productive Waqf assistance shows that the development of Nazhir is progressive. This also means that Nazhir's professionalism is improved. Having competent background, Nazhir also shows that the society gives positive response for productive Waqf program. It is proven by the big numbers of Nazhir with various education background and skills.

Beside, BWI also cooperates with several Islamic Financial Institutions of the Receiver of Endowments Money. According to the latest BWI record in 2007-2011, the total amount of cash Waqf was 2.973.393.876, in which, half of the fund would be used to finance the project of mother and child hospital (RSIA).

In 2013, the fund collected at BWI cash Waqf was in the range of 3 billion. This is still very far from the expectation. According to Cholil Nafis, 17, if 20 million Moslems in Indonesia are willing to collect cash Waqf, which is worth of Rp 100.000,-per month, then the funds collected would be about Rp 24 trillion per

year. If there are 50 million people, then the funds collected would be about Rp 60 trillion. If there are 1 million people collect Rp 100.000,- per month, then the funds collected would be about Rp 100 billion per month and Rp 1,2 trillion per year.

Some obstacles, that make the management of cash Waqf less optimal, include:

1. Less socialization of Endowments (Waqf) Act, particularly, about cash Waqf in some rural areas in Indonesia
2. Professionalism of Nazhir, which is still not optimal. There are still some different perspectives about the regulation, especially on cash Waqf, among Nazhir.
3. The funds mobilization system has not effectively done in managing cash Waqf. (Based on Act No. 41/2004) determines that there are three parties involved in the management of cash Waqf. Those are the Islamic Financial Institutions (BLM) as a collector of funds agencies, BWI as the parties processing and development, and Nazhir as cash Waqf fund manager. In fact, through this kind of management mechanism, cash Waqf is considered not optimal. The management of endowment funds that has not been done under these institutions, results to the long and complicated mechanism.

### **Solution for Waqf in Indonesia**

Seeing the progress of waqf in Indonesia is getting advanced, it needs the right solution to support the development of waqf in Indonesia, such as:

1. It is important to have optimal socialization by Indonesian Waqf Board and Private Endowments Institute, in order to enrich the understanding of society, especially in rural areas about the importance of Waqf for social welfare function.
2. Coordination and maximum synergy among management agencies at the central BWI endowments (Waqf Board Indonesia) and Private Endowments Institute are important things in order to avoid system errors and different perceptions.
3. The discourse about Waqf Bank can be one of the solutions for the management of cash Waqf, which is more professional. The concept of Waqf Bank should be supported by the government, practitioners and academics. Waqf Bank will manage all activities, such as receipt, management and disbursement of cash Waqf under one agency. This has been done by other countries such as Bangladesh, Malaysia, Egypt, Saudi Arabia, Turkey, and Jordan. Waqf Bank have full



authority to be Nazhir (manager), starting from the receiver, organizer and distributor of Waqf funds. This Waqf bank stands under Indonesian Waqf Board (BWI) and is responsible to the BWI, in receiving, managing and distributing funds from Wakif. The function of Waqf bank is similar to that, which is conducted by the Social Investment Bank Limited (SIBL) in Bangladesh. Thus, the authority of the bank management is given to the bank Waqf Bank, while the authority of BWI is in terms of monitoring the performance of Waqf Bank.

## **CONCLUSION**

The major population in Indonesia is Moslem, which is expected to have rapid development, in case of Waqf, compared to the other ASEAN countries, which have less Moslems. There are a lot of obstacles to confront in developing Waqf. The existence of BWI is hoped to be very helping in observing and managing the endowments (Waqf) in Indonesia.

The poor understanding of the society about productive Waqf becomes the main obstacle, whereas the productive Waqf can possibly become one of the solutions to eradicate poverty and guarantee the welfare of the nation.

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